Medicare Learning Network
MLN Matters
CMS CENTERS for MEDICARE & MEDICAID SERVICES
Information for Medicare Fee-for-Service Health Care Professionals

Related Change Request (CR) #: 3200
MLN Matters Number: MM3200
Related CR Release Date: April 30, 2004
Related CR Transmittal #: 156
Effective Date: October 1, 2004
Implementation Date: October 4, 2004

Clarification of Payments and Billing Procedures for Hospitals Subject to the Maryland Waiver

Note: This article was revised to contain Web addresses that conform to the new CMS web site and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Maryland hospitals subject to the jurisdiction of Maryland's Health Services Cost Review Commission (HSCRC)

Provider Action Needed

Be aware of this clarification of proper payment procedures for hospitals in Maryland under the jurisdiction of the HSCRC. This article also clarifies the frequency of billing and the three-day payment window and 30-day billing cycle for these hospitals.

Background

Hospital rate regulation in Maryland was created by an act of the 1971 Maryland legislature. The law created the HSCRC, granting it broad responsibilities regarding the public disclosure of hospital financial data and trustee relationships. In addition, HSCRC was given the authority, beginning July 1, 1974, to set hospital rates that would apply to all Maryland residents.

The Maryland law gave the HSCRC authority to set hospital rates for all payers. However, federal law, which takes precedence, governed the methods by which Medicare and Medicaid paid hospitals. After negotiation with Medicare, HSCRC obtained, effective July 1, 1977, a waiver of federal law that required Medicare and Medicaid to begin paying hospitals on the basis of HSCRC-approved rates.

It has come to the attention of the Centers for Medicare & Medicaid Services (CMS) that services furnished at hospitals in Maryland subject to the HSCRC are not being paid according to the terms of the agreement.

In response, CMS issued CR3200 to clarify the following for Maryland hospitals subject to the waiver:

- Proper payment procedures for outpatient services;
- Frequency of billing; and

- Three-day payment window.

Additional Information

Under this instruction, Maryland hospitals subject to the waiver and the jurisdiction of the HSCRC will be paid for outpatient services in accordance with the terms of the waiver, i.e., 94% of submitted charges subject to any unmet deductible and coinsurance. This is in line with payment for inpatient services provided by these hospitals.

No payment should be made under a fee schedule or other method of payment for items or services provided, with the following exceptions:

- Reference laboratory services, which are paid under the clinical diagnostic laboratory fee schedule (bill type 14X)
- Ambulance services, which are subject to the ambulance fee schedule.

With regard to frequency of claims submissions, these same hospitals may submit outpatient bills in accordance with frequency billing standards, and inpatient bills in accordance with monthly billing cycles.

In addition, hospitals subject to the Maryland waiver are also subject to the three-day payment window that affects outpatient diagnostic services and other pre-admission services that occur during the three days immediately preceding the date of a patient's admission for inpatient services.

For additional details, see the instruction that CMS has issued to your fiscal intermediary, which can be found at http://www.cms.hhs.gov/transmittals/Downloads/R156CP.pdf on the CMS web site.

If you have questions, please contact your intermediary at their toll-free number. If you do not have that number, you can find it at http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip on the CMS web site.